

Message Text

PAGE 01 STATE 040333

63

ORIGIN SS-20

INFO OCT-01 EUR-25 EA-11 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 STR-08 TRSE-00 PA-04

PRS-01 OIC-04 NEA-10 (ISO) R

DRAFTED BY T/IEP:JTARRANT

APPROVED BY T/IEP:AKATZ

S/S

----- 033866

P 282030Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION OECD PARIS PRIORITY

USMISSION EC BRUSSELS PRIORITY

USMISSION NATO PRIORITY

AMEMBASSY PARIS PRIORITY

LIMITED OFFICIAL USE STATE 040333

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: FOLLOW-UP TO FIRST MEETING OF ENERGY COORDINATING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 040333

GROUP

REF: STATE 39930

FOLLOWING ARE TERMS OF REFERENCE NOTED IN REFTEL. THEY HAVE

BEEN DISTRIBUTED ONLY TO COUNTRIES ATTENDING ENERGY COORDINATING GROUP ON FEBRUARY 25. TEXTS SHOULD NOT BE DISCUSSED WITH PRESS OR NON-PARTICIPATING COUNTRIES AT THIS TIME. WHILE NOT CLASSIFIED, THEY ARE PROPOSALS IN THE PROCESS OF BEING DISCUSSED AMONG CERTAIN GOVERNMENTS AND WHICH HAVE NOT YET BEEN FINALLY AGREED. AS SUCH THEY SHOULD BE CONSIDERED PRIVILEGED INFORMATION.

I. CONSERVING ENERGY AND RESTRAINING DEMAND (ECG/2)

THE POTENTIAL FOR INTERNATIONAL COOPERATION TO CONSERVE ENERGY AND RESTRAIN DEMAND SHOULD BE EXAMINED WITH A VIEW TO RELIEVING CONSUMPTION PRESSURE ON PRICES AND THE CURRENTLY AVAILABLE WORLD ENERGY SUPPLY.

SUCH AN EXAMINATION SHOULD:

- REVIEW NATIONAL EXPERIENCES THUS FAR WITH CONSERVATION MEASURES THAT IMPROVE EFFICIENCY OF ENERGY USE AND ATTEMPT TO QUANTIFY RESULTS,
 - REVIEW NATIONAL EXPERIENCES WITH MEASURES THAT RESTRAIN DEMAND ARTIFICIALLY AND ATTEMPT TO QUANTIFY RESULTS
 - IDENTIFY ADDITIONAL MEASURES FOR BOTH IMPROVED EFFICIENCY AND DEMAND RESTRAINT THAT COULD BE IMPLEMENTED WITHIN 18 MONTHS AND ESTIMATE IMPACT ON ENERGY DEMAND,
 - DEVELOP OPERATIONAL CONCEPTS BY WHICH THESE MEASURES COULD BE IMPLEMENTED IN THE DIFFERENT COUNTRIES,
 - DEVELOP CRITERIA FOR MEASURING RELATIVE PROGRESS IN NATIONAL PROGRAMS FOR PROMOTING IMPROVED EFFICIENCY,
 - DEVELOP CRITERIA FOR EVALUATING THE RELATIVE EFFORTS AND SACRIFICE INVOLVED IN NATIONAL PROGRAMS,
 - FORMULATE SPECIFIC UNDERSTANDINGS OF DEMAND
- LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 040333

RESTRAINT ON CONTROL OF ENERGY DEMAND FOR REFERENCE TO GOVERNMENTS ALONG WITH APPROPRIATE CONTROL AND FOLLOW-UP METHODS.

THE EXAMINATION SHOULD RESULT IN RECOMMENDATIONS ON OBJECTIVES AND MEANS FOR A COOPERATIVE PROGRAM OF DEMAND RESTRAINT CONSISTENT WITH AN ACTIVE WORLD ECONOMY.

II. ACCELERATED DEVELOPMENT OF CONVENTIONAL ENERGY RESOURCES (ECG/3)

AS AGREED IN THE FEBRUARY 13 COMMUNIQUE, ONE OF THE

GOALS OF THE ACTION PROGRAM OF INTERNATIONAL COOPERATION IS THE "ACCELERATION OF DEVELOPMENT OF ADDITIONAL ENERGY SOURCES SO AS TO DIVERSIFY ENERGY SUPPLIES." IN ORDER TO EXPAND SUPPLY IN THE SHORT RUN, THIS EFFORT MUST FOCUS ON THE EXPLORATION AND DEVELOPMENT OF SUCH RESOURCES AS COAL, SHALE, NATURAL GAS, AND OIL IN THE CONTINENTAL SHELVES WHICH CAN BE MADE AVAILABLE THROUGH EXISTING TECHNOLOGY BUT HAVE BEEN NEGLECTED IN THE PERIOD OF LOW-COST OIL. WHILE THE DEVELOPMENT OF SUCH RESOURCES IS CARRIED OUT PRIMARILY BY PRIVATE COMMERCIAL INTERESTS, IT IS AN AREA IN WHICH PUBLIC POLICY ESTABLISHES THE ENVIRONMENT IN WHICH DEVELOPMENT IS ENCOURAGED OR HINDERED.

THE MAJOR THRUST OF OUR EFFORTS SHOULD BE TO DEVISE EFFECTIVE INTERNATIONAL MEANS OF CREATING A CLIMATE IN WHICH THE EXPLORATION AND DEVELOPMENT OF CONVENTIONAL ENERGY SOURCES WILL BE ENCOURAGED AND FACILITATED AT A GREATLY EXPANDED RATE.

WITH THESE GOALS IN MIND, THE FOLLOWING ITEMS SHOULD BE INCLUDED IN THE WORK PROGRAM UNDER THIS TOPIC:

-- EACH COUNTRY SHOULD SURVEY THE POSSIBILITIES FOR RESOURCE DEVELOPMENT WHICH MIGHT BE EXPECTED AT DIFFERENT PRICE RANGES AND TIME SCALES,

-- A REVIEW OF NATIONAL POLICIES SHOULD BE UNDERTAKEN WHICH AFFECT THE DEVELOPMENT OF CONVENTIONAL ENERGY SOURCES, INCLUDING AN EXAMINATION OF ENVIRONMENTAL CON-
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 040333

SIDERATIONS AND CONSTRAINTS,

-- A MECHANISM SHOULD BE ESTABLISHED FOR PERIODIC INTERNATIONAL REVIEWS OF NATIONAL POLICIES AND PRACTICES AFFECTING THE DEVELOPMENT OF ADDITIONAL CONVENTIONAL ENERGY RESOURCES.

III. OIL SHARING (ECG/4)

AGREEMENT WAS REACHED TO COOPERATE IN ESTABLISHING A SYSTEM OF ALLOCATING OIL SUPPLIES IN TIMES OF EMERGENCY AND SEVERE SHORTAGES, BUILDING ON WORK ACCOMPLISHED IN THE OECD. A DRAFT REPORT ON AN OECD-WIDE APPORTIONMENT SCHEME HAS BEEN COMPLETED AND WAS TABLED IN LATE 1973 FOR DISCUSSION BY THE HIGH-LEVEL GROUP OF THE OIL COMMITTEE. OPPORTUNITY WOULD BE PROVIDED, AS APPROPRIATE, FOR OTHER COUNTRIES TO JOIN IN AN ACCEPTABLE PLAN FOR APPORTIONMENT.

THE COORDINATING GROUP WILL CONSIDER THIS MATTER AND TO MAKE RECOMMENDATIONS TO GOVERNMENTS, ON A FORMAL SHARING

AGREEMENT OR SUITABLE ALTERNATIVE ARRANGEMENT TO SHARE OIL IN AN EQUITABLE MANNER IN TIMES OF EMERGENCY OR SEVERE SHORTAGES. IN ORDER TO ASSIST THE COORDINATING GROUP IN THIS TASK THE REPORT OF THE OECD SHOULD BE REVIEWED AND THE OPTIONS FOR POLICY DECISIONS NARROWED WITH RESPECT TO:

-- A SHARING FORMULA,

-- CRITERIA TO DETERMINE WHEN A SUPPLY SHORTAGE EXISTS,

-- A MECHANISM TO IMPLEMENT AND TERMINATE THE SHARING ARRANGEMENT.

IV. INTERNATIONAL COOPERATION ON ENERGY RESEARCH AND DEVELOPMENT

THE WASHINGTON ENERGY CONFERENCE CONCURRED IN THE NEED FOR A COMPREHENSIVE ACTION PROGRAM TO DEAL WITH ALL FACETS OF THE WORLD ENERGY SITUATION BY COOPERATIVE MEASURES. IN SO DOING, THE CONFERENCE PARTICIPANTS AGREED TO BUILD ON THE WORK OF THE OECD. SUCH AN ACTION PROGRAM
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 05 STATE 040333

OF INTERNATIONAL COOPERATION WOULD INCLUDE, AS APPROPRIATE, THE SHARING OF MEANS AND EFFORTS, WHILE CONCERTING NATIONAL POLICIES, IN SUCH AREAS AS..."THE ACCELERATION OF ENERGY RESEARCH AND DEVELOPMENT PROGRAMS THROUGH INTERNATIONAL COOPERATIVE EFFORTS."

ACCORDINGLY, AN AD HOC GROUP OF SENIOR RESEARCH AND DEVELOPMENT OFFICIALS SHOULD EXAMINE AND MAKE RECOMMENDATIONS ON THE EXPANSION OF INTERNATIONAL COOPERATION ON ENERGY RESEARCH AND DEVELOPMENT. AS PART OF THIS TASK, THE AD HOC GROUP SHALL:

-- DEVELOP CRITERIA FOR MUTUALLY ADVANTAGEOUS COOPERATIVE EFFORTS IN ENERGY R&D THAT COULD ACCELERATE THE AVAILABILITY OF ALTERNATE ENERGY SOURCES,

-- IDENTIFY THOSE ECONOMIC, LEGAL, AND OTHER INSTITUTIONAL FACTORS WHICH CURRENTLY CONSTRAIN MORE EXTENSIVE INTERNATIONAL COOPERATIVE EFFORTS IN ENERGY R&D,

-- REVIEW THE ENERGY R&D PROGRAMS OF THE PARTICIPATING NATIONS, NOW BEING CATALOGUED BY THE OECD, TO IDENTIFY PROJECTS OF MUTUAL INTEREST FOR COOPERATION BY TWO OR MORE OF THE PARTICIPATING NATIONS AND RENDER MORE EFFECTIVE EXISTING INTERNATIONAL PROGRAMS,

-- SUBMIT A REPORT OF ITS FINDINGS AND RECOMMENDATIONS TO THE COORDINATING GROUP.

THE AD HOC GROUP WILL, AS APPROPRIATE, INVITE OTHER COUNTRIES TO JOIN WITH IT IN THIS EFFORT. IT WILL ALSO APPOINT PANELS OF EXPERTS WHEN NEEDED TO ACCOMPLISH ITS TASKS.

V. INTERNATIONAL COOPERATION ON URANIUM ENRICHMENT

AN AD HOC GROUP SHALL:

I. REVIEW IN DETAIL THE PROPOSAL PRESENTED BY THE

UNITED STATES THAT INTER-GOVERNMENTAL DISCUSSIONS BE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 06 STATE 040333

INAUGURATED ON SUCH AREAS AS PLANS FOR URANIUM EXPLORATION, SUPPLY AND DEMAND PROJECTIONS FOR ENRICHED URANIUM, AND ARRANGEMENTS TO FACILITATE RATIONALIZATION IN SUPPLY.

II. IDENTIFY THE TYPES OF INFORMATION AND COOPERATIVE MECHANISMS WHICH MIGHT BE USEFUL IN HELPING THE PRODUCERS AND CONSUMERS COORDINATE THEIR REQUIREMENTS AND PLANS.

III. DEVELOP AND RECOMMEND GENERAL PRINCIPLES THAT SHOULD GUIDE THE INSTALLATION OF NEW ENRICHING CAPACITY IN VARIOUS COUNTRIES. IN THIS REGARD THE GROUP SHOULD EXAMINE THE PRINCIPLES SUBMITTED BY THE UNITED STATES.

IV. SUBMIT ITS RECOMMENDATIONS TO THE COORDINATING GROUP.

GUIDING PRINCIPLES

FIRST, PLANS SHOULD BE DEVELOPED JOINTLY TO ENSURE THE ORDERLY EXPANSION OF URANIUM SUPPLIES AND ENRICHMENT CAPACITY. PARTICULARLY IN THE LATTER CASE THESE SHOULD INCLUDE ORDERLY INTRODUCTION OF NEW TECHNOLOGIES WHICH MAY REDUCE COST.

SECOND, PLANS FOR COOPERATION SHOULD ENCOMPASS THE TIMELY EXPLORATION AND DEVELOPMENT OF NEW SOURCES OF URANIUM ORE AND THE ORDERLY ACCESS TO THE WORLD'S RESOURCES.

THIRD, WITHIN THIS JOINT PLAN, OPPORTUNITIES FOR MULTINATIONAL INVESTMENT AND OWNERSHIP SHOULD PROVIDE ASSURANCE OF SUPPLY.

FOURTH, UNDERSTANDABLE INTERNATIONAL INTEREST IN GEOGRAPHIC DISPERSION OF ENRICHING FACILITIES SHOULD PROVIDE ADDED ASSURANCE AGAINST SUPPLY DISRUPTION AND SHOULD EVOLVE IN SUCH A WAY AS TO AVOID AGGRAVATION OF

INTERNATIONAL SECURITY CONCERNS.

FIFTH, THE MATERIALS PRODUCED AND THE TECHNOLOGY INVOLVED SHOULD NOT BECOME THE SOURCE OF FURTHER PROLIFERATION OF NUCLEAR WEAPONS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 07 STATE 040333

SIXTH, THE BENEFITS OF THESE ARRANGEMENTS SHOULD BE EXTENDED TO THE DEVELOPING COUNTRIES AND TO THE OIL PRODUCING COUNTRIES WHICH MAY IN THE FUTURE HAVE NEED OF NUCLEAR POWER.

NOTE: RELATED TO THIS SUBJECT, THE UNITED STATES ALSO PUT FORWARD A PROPOSAL FOR COOPERATION IN URANIUM ENRICHMENT. THE TEXT IS AS FOLLOWS:

U.S. PROPOSAL INTERNATIONAL COOPERATION IN URANIUM ENRICHMENT (ECG/6)

A. INTRODUCTION

THE WASHINGTON ENERGY CONFERENCE CONCURRED IN THE NEED FOR A COMPREHENSIVE ACTION PROGRAM TO DEAL WITH ALL FACETS OF THE WORLD ENERGY SITUATION BY COOPERATIVE VENTURES. SUCH AN ACTION PROGRAM OF INTERNATIONAL COOPERATION WOULD INCLUDE, AS APPROPRIATE, THE SHARING OF MEANS AND EFFORTS WHILE CONCERTING NATIONAL POLICIES. FURTHER THE UNITED STATES INDICATED THAT WITHIN A FRAMEWORK OF BROAD COOPERATION IN ENERGY, IT IS PREPARED TO EXAMINE THE SHARING OF ENRICHMENT TECHNOLOGY, DIFFUSION AND CENTRIFUGE. IT WAS SUGGESTED THAT SUCH COOPERATION COULD BE UNDERTAKEN IN A FRAMEWORK OF ASSURED SUPPLY, GEOGRAPHIC DISPERSION AND CONTROL AGAINST PROLIFERATION. THE UNITED STATES VOLUNTEERED TO SUBMIT PRINCIPLES TO GUIDE SUCH A COOPERATIVE ENTERPRISE.

IN VIEW OF THE STRONG INTERNATIONAL CONSENSUS ON THE IMPORTANCE OF NUCLEAR POWER AS A SIGNIFICANT FUTURE ENERGY SOURCE THE UNITED STATES BELIEVES IT WOULD BE DESIRABLE FOR THE PARTICIPANTS IN THE COORDINATING GROUP TO EXPLORE WHETHER THERE ARE COOPERATIVE MECHANISMS WHICH MIGHT BE USEFUL IN HELPING THE WORLD TO MEET THE RAPIDLY RISING DEMAND FOR URANIUM ENRICHMENT.

B. JOINT PLANNING ACTIVITIES

TO THIS END, THE UNITED STATES PROPOSES THE INITIATION OF DISCUSSIONS, AT THE GOVERNMENTAL LEVEL, OF THE FOLLOWING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 08 STATE 040333

TOPICS PERTAINING TO URANIUM SUPPLY AND ENRICHMENT
COOPERATION:

- (1) PLANS FOR NATURAL URANIUM EXPLORATION AND
RESOURCE ASSESSMENT;
- (2) SUPPLY-DEMAND PROJECTIONS FOR ENRICHED URANIUM;
- (3) IDEAS AND ATTITUDES ON PLANNING, DEVELOPMENT,
AND CONSTRUCTION OF NECESSARY FACILITIES;
- (4) ARRANGEMENTS TO FACILITATE MARKET ACCESS OR
OTHER TYPES OF RATIONALIZATIONS IN SUPPLY;
- (5) FINANCIAL INVESTMENT OPPORTUNITIES;
- (6) AVAILABILITY AND NEED OF PEOPLE AND SKILLS FOR
ASSISTANCE WHERE EXPERIENCE IN LARGE PROJECTS IS REQUIRED;
AND
- (7) GENERAL PRINCIPLES THAT SHOULD GUIDE THE
DEVELOPMENT OF NEW ENRICHING CAPACITY IN VARIOUS COUNTRIES.

IT IS RECOMMENDED THAT AN AD HOC GROUP OF PARTICIPATING
COUNTRIES BE CONVENED AS SOON AS POSSIBLE TO:

- (1) REVIEW IN DETAIL THE U.S. AND OTHER PROPOSALS
RELATING TO INTERGOVERNMENTAL CONSULTATIONS;
- (2) IDENTIFY THE TYPES OF INFORMATION AND COOPERATIVE
MECHANISMS WHICH MIGHT BE USEFUL IN HELPING THE PRODUCERS
AND CONSUMERS COORDINATE THEIR NEEDS;
- (3) DEVELOP AND RECOMMEND SOME GENERAL PRINCIPLES
THAT SHOULD GUIDE THE DEVELOPMENT OF NEW ENRICHING
CAPACITY IN VARIOUS COUNTRIES.

THE AD HOC GROUP WOULD SUBMIT ITS RECOMMENDATIONS TO
THE COORDINATING GROUP. SUGGESTED TERMS OF REFERENCE FOR
THE AD HOC GROUP AND THE VIEWS OF THE UNITED STATES
CONCERNING GENERAL PRINCIPLES THAT SHOULD APPLY IN THIS
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 09 STATE 040333

AREA ARE CONTAINED IN ECG/7.

C. TECHNOLOGY SHARING

THE UNITED STATES ALSO SUGGESTS THAT WITHIN THE
CONTEXT OF BROAD COOPERATION BETWEEN THE PARTICIPANTS IN

THE ENERGY SECTOR, DISCUSSIONS BETWEEN APPROPRIATE PARTIES OF THE INTERESTED NATIONS SHOULD ALSO BE INITIATED TO EXPLORE THE FULL RANGE OF RELEVANT COMMERCIAL ASPECTS OF POSSIBLE URANIUM ENRICHMENT COOPERATION INCLUDING RESEARCH, DESIGN, MANUFACTURE, CONSTRUCTION, OPERATION, MUTUAL FINANCIAL INVESTMENT, AND THE SHARING OF ENRICHMENT TECHNOLOGY--DIFFUSION AND CENTRIFUGE. FOR ITS PART, THE US WOULD EXPECT THE INTERESTED US COMPANIES TO BE THE PRINCIPAL CHANNEL THROUGH WHICH EXPLORATORY DISCUSSIONS ON TECHNOLOGY SHARING WOULD BE PURSUED. PROPOSALS DEVELOPED AND NEGOTIATED BY COMPANIES AT THE PRIVATE LEVEL WOULD BE BROUGHT BACK TO GOVERNMENTS FOR THEIR CONSIDERATION AND THE DEVELOPMENT OF THE NECESSARY INTERGOVERNMENTAL ARRANGEMENTS.

VI. ECONOMIC AND MONETARY MEASURES (ECG/8)

IN ACCORDANCE WITH THE DECISION OF THE PARTICIPATING COUNTRIES, AS REFLECTED IN THE COMMUNIQUE OF FEBRUARY 13, TO INTENSIFY THEIR COOPERATION ON MONETARY AND ECONOMIC QUESTIONS AND TO GIVE IMPETUS TO THE WORK BEING UNDERTAKEN IN OTHER BODIES, THE COORDINATING GROUP NEEDS TO DECIDE WHAT, IN THEIR VIEW, ARE THE PRINCIPAL SUBJECTS UPON WHICH WORK NEEDS TO BE DONE IN THE COMING WEEKS AND WHICH BODY CAN PROBABLY UNDERTAKE PRIMARY RESPONSIBILITY FOR EACH SUBJECT MOST PRODUCTIVELY.

WHEN ACCOUNT IS TAKEN OF THE EXISTENCE OF A NUMBER OF FULLY-FUNCTIONING INTERNATIONAL INSTITUTIONS IN THE ECONOMIC AREA IT WOULD SEEM LIKELY THAT MOST SUBJECTS IN THIS AREA COULD BEST BE PURSUED BY AN ALREADY EXISTING BODY RATHER THAN BY THE COORDINATING GROUP OR SOME NEWLY-ESTABLISHED WORKING GROUP. THERE MAY, HOWEVER, BE ONE OR MORE SUBJECTS WHICH DO NOT APPROPRIATELY FIT ANY EXISTING ORGANIZATION AND SHOULD BE RETAINED FOR CONSIDERATION BY THE COORDINATING GROUP. AND, IN ANY EVENT, THE COORDINATING

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 10 STATE 040333

GROUP WILL HAVE BOTH A CONTINUING RESPONSIBILITY TO SATISFY ITSELF THAT THE FULL RANGE OF ESSENTIAL ECONOMIC SUBJECTS IS BEING DEVELOPED ADEQUATELY AND AN ULTIMATE RESPONSIBILITY TO SEE TO IT THAT AN INTEGRATED POSITION IS PREPARED FOR THE PRODUCER-CONSUMER MEETING.

IN THE LIGHT OF THE PRELIMINARY REVIEW OF ECONOMIC SUBJECTS HELD DURING THE COURSE OF THE FEBRUARY 11-13 ENERGY CONFERENCE, THE FOLLOWING ARRAY OF POSSIBLE INITIAL ASSIGNMENTS OF PRIMARY RESPONSIBILITY FOR ECONOMIC SUBJECTS IS PROVIDED TO FACILITATE CONSIDERATION BY THE COORDINATING GROUP:

ORGANIZATION WITH INITIAL

PRIMARY RESPONSIBILITY SUBJECT

OECD ECONOMIC POLICY 1. AVOIDANCE OF INTER-
COMMITTEE NATIONALLY-DISRUPTIVE
DOMESTIC ECONOMIC POLICIES.

OECD WORKING PARTY THREE 2. AVOIDANCE OF INTER-
NATIONALLY-DISRUPTIVE
POLICIES RELATING TO
EXCHANGE CONTROLS AND
EXCHANGE MARKET INTERVEN-
TION.

3. FURTHER REMOVAL OF
RESTRAINTS ON INTER-
NATIONAL CAPITAL MOVEMENTS.

COMMITTEE OF TWENTY 4. CONSIDERATION OF A NEW
INTERNATIONAL PLEDGE AND
NEW INSTITUTIONAL PROCEDURES
FOR THE AVOIDANCE OF TRADE
RESTRICTIONS IMPOSED FOR
BALANCE OF PAYMENTS PUR-
POSES.

EXECUTIVE BOARD OF THE IMF 5. PROVISION OF A LARGER
ROLE IN MANAGEMENT TO THE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 11 STATE 040333

OIL-PRODUCING STATES.

6. PROVISION OF SERVICES
AS ADVISOR AND/OR AGENT TO
FACILITATE SHORT-TERM AND
MEDIUM-TERM NON-PROJECT
LOANS FROM OIL-PRODUCERS
TO LESSER DEVELOPED
COUNTRIES.

7. EXPANDED USE OF IMF
FACILITIES IN LIGHT OF IN-
CREASED INTER-NATIONAL
FINANCIAL UNCERTAINTY.

8. SPECIAL ARRANGEMENTS
FOR IMF BORROWING FROM OIL
PRODUCERS TO PROVIDE FUNDS
FOR LOANS TO THOSE WITH
OIL-RELATED NEEDS.

OECD DEVELOPMENT ASSISTANCE 9. DIRECT PARTICIPATION BY

COMMITTEE

THE OIL-PRODUCING STATES.

10. PROVISION OF ADVICE
AND ENCOURAGEMENT TO THE
OIL-PRODUCING STATES ON
EXPANDED PROGRAMS OF
INTERNATIONAL ASSISTANCE.

EXECUTIVE BOARDS OF THE 11. PROVISION OF A LARGER
WORLD BANK AND OF THE ROLE IN MANAGEMENT TO THE
REGIONAL DEVELOPMENTAL OIL-PRODUCING STATES.
FINANCE INSTITUTIONS

,2. PROVISION OF SERVICES
12. PROVISION OF SERVICES
AS ADVISOR AND/OR AGENT
TO FACILITATE LONG-TERM
LOANS ON A CONCESSIONAL
BASIS FROM OIL-PRODUCERS TO

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 12 STATE 040333

LESSER DEVELOPED COUNTRIES.

13. NEGOTIATION OF ADVANCE
REPAYMENT OF OUTSTANDING
LOANS TO OIL-PRODUCING
STATES.

14. PLACEMENT OF A LARGER
SHARE OF ALREADY PLANNED
BORROWING IN THE CAPITAL
MARKETS OF THE OIL-
PRODUCING STATES.

15. CONSIDERATION OF THE
POSSIBLE DESIRABILITY OF
EXPANDING PLANNED BORROW-
ING THROUGH BORROWING FROM
THE OIL-PRODUCING STATES.

CONFIDENTIAL BILATERAL 16. SELECTED EXPANSION OF
DISCUSSIONS "SWAP" FINANCING LINES.

17. CONFIDENTIAL EXCHANGE
OF INFORMATION ON PLANNED
BORROWING IN THE PRINCIPAL
CAPITAL MARKETS.

COORDINATING GROUP 18. CONSIDERATION OF THE
POSSIBLE DESIRABILITY OF A
NEW INTERNATIONAL INSTITU-

TION TO FACILITATE STABLE
LONG-TERM INVESTMENT BY THE
OIL-PRODUCING STATES.

19. OVERSIGHT OF WORK
BEING CONDUCTED IN OTHER
BODIES AND PREPARATION OF
AN INTEGRATED PACKAGE OF
ECONOMIC MEASURES FOR
DISCUSSION IN THE PRODUCER-
CONSUMER CONFERENCE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 13 STATE 040333

VII. PRODUCER-CONSUMER RELATIONS (ECG/9)

AT THE WASHINGTON ENERGY CONFERENCE, THE MINISTERS
AGREED:

A) THERE WAS A NEED TO DEVELOP A COOPERATIVE MULTI-
LATERAL RELATIONSHIP BETWEEN CONSUMING AND PRODUCING
COUNTRIES, AND

B) THE COORDINATING GROUP SHOULD DIRECT PREPARATIONS
FOR A CONFERENCE OF CONSUMER AND PRODUCING COUNTRIES
TO BE HELD AT THE EARLIEST POSSIBLE OPPORTUNITY.

TO OBTAIN A BETTER UNDERSTANDING OF THE ISSUES IN A
PRODUCER/CONSUMER MEETING, THE COORDINATING GROUP SHOULD
EXAMINE INTER ALIA:

-- THE OUTLOOK FOR THE INTERNATIONAL PETROLEUM MARKET
--SHORT, MEDIUM AND LONG-TERM--INCLUDING PROSPECTIVE
LEVELS OF WORLD PETROLEUM DEMAND AT VARIOUS PRICE LEVELS,
IMPLICATIONS FOR THE ACCELERATED DEVELOPMENT OF ALTER-
NATIVE ENERGY SOURCES, AND PRODUCTION AND PRICING POLICIES
OF THE VARIOUS OIL PRODUCING COUNTRIES;

-- THE EVOLVING FINANCIAL POSITION OF THE PRINCIPAL
PRODUCING COUNTRIES, AND ITS IMPLICATIONS FOR PATTERNS OF
INTERNATIONAL FINANCIAL COOPERATION;

-- THE PROSPECTS FOR ACCELERATED INDUSTRIALIZATION
AND SOCIO-ECONOMIC DEVELOPMENT IN THE PRINCIPAL PRODUCING
AREAS, AND THE IMPLICATIONS FOR GLOBAL PATTERNS OF
INTERNATIONAL TRADE AND INVESTMENT.

ON THE BASIS OF THESE ASSESSMENTS, THE COORDINATING
GROUP SHOULD PREPARE POSITIONS ON VARIOUS POSSIBLE ITEMS
TO BE INCLUDED IN AN AGENDA OF AN EVENTUAL MEETING WITH
PRODUCERS, VIZ:

-- PRICE AND SUPPLY QUESTIONS

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 14 STATE 040333

-- INVESTMENT ASPECTS
FINANCIAL RELATIONS.
-- FINANCIAL RELATIONS.

AT AN APPROPRIATE STAGE IN THE DEVELOPMENT OF POSITIONS
ON THESE ISSUES, THE COORDINATING GROUP MAY CONSIDER HOW
BEST TO ASCERTAIN THE VIEW OF KEY PRODUCING COUNTRIES.

VIII. RELATIONS WITH THE DEVELOPING COUNTRIES
(ECG/10)

THE WASHINGTON ENERGY CONFERENCE EXPRESSED PARTICULAR
CONCERN ABOUT THE CONSEQUENCES OF THE ENERGY SITUATION FOR
DEVELOPING COUNTRIES AND RECOGNIZED THE NEED FOR EFFORTS
BY THE ENTIRE INTERNATIONAL COMMUNITY TO RESOLVE THIS
PROBLEM. THERE WAS ALSO A CONSENSUS THAT PREPARATIONS
FOR FUTURE MEETINGS SHOULD INVOLVE CONSULTATIONS WITH
DEVELOPING COUNTRIES.

ACCORDINGLY, THE COORDINATING GROUP SHOULD:

-- REVIEW EFFORTS TO RELIEVE THE SITUATION OF DEVELOP--
ING COUNTRIES.

-- DISCUSS AND AGREE HOW BEST TO OBTAIN THE VIEWS OF
THESE COUNTRIES ON THE ISSUES BEFORE THE GROUP.

IX. THE ROLE OF THE INTERNATIONAL OIL COMPANIES
(ECG/11)

THE POSITION OF THE INTERNATIONAL OIL COMPANIES IS
NOW UNDERGOING SIGNIFICANT CHANGES AND TRADITIONAL FORMS
OF OWNERSHIP AND CONTROL ARE IN A STATE OF FLUX. DESPITE
THE NEW, INCREASED ROLE OF PRODUCER GOVERNMENTS, IT SEEMS
LIKELY THAT THE INTERNATIONAL COMPANIES WILL CONTINUE TO
BE INVOLVED IN SUBSTANTIAL PRODUCTION ACTIVITIES, SINCE
AVAILABLE EVIDENCE SUGGESTS THAT THE PRODUCER GOVERNMENTS
WANT TO CONTINUE TO UTILIZE COMPANY PRODUCTION AND
EXPLORATION EXPERTISE AS WELL AS PARTICIPATION IN THE
OPERATIONS OF THEIR STATE-OWNED OIL COMPANIES. THE
COMPANIES ARE LIKELY, THEREFORE, TO CONTINUE TO PROVIDE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 15 STATE 040333

FOR SOME TIME A MAJOR, ORGANIZED AND EFFICIENT EXPLORATION,

MARKETING AND PRODUCTION CHANNEL FOR THE WORLD'S OIL.

AT THE SAME TIME QUESTIONS HAVE BEEN RAISED IN CONSUMER COUNTRIES ABOUT THE PERFORMANCE OF THE INTERNATIONAL COMPANIES WITH REGARD TO ADEQUACY OF SUPPLY, PRICE POLICY AND COMPETITIVE PRACTICES.

PROCEEDING FROM THIS BACKGROUND A WORKING GROUP SHOULD PREPARE A REPORT FOR THE COORDINATING GROUP ON THE EVOLVING ROLE OF INTERNATIONAL OIL COMPANIES AND HOW CONSUMER GOVERNMENTS MIGHT PROPERLY ADDRESS ISSUES ARISING IN THEIR COUNTRIES REGARDING THE ROLE OF THE COMPANIES, HAVING DUE REGARD FOR THE NEED TO SAFEGUARD THOSE ACTIVITIES OF COMPANIES CONTRIBUTING TO THE EFFECTIVE DEVELOPMENT, PRODUCTION AND MARKETING OF ENERGY RESOURCES. CASEY

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, LESS DEVELOPED COUNTRIES, ECONOMIC DEVELOPMENT, NUCLEAR ENERGY, URANIUM, CONTINENTAL SHELF, EXPLORATION, NATURAL GAS, COAL, INTERGOVERNMENTAL COOPERATION, FOREIGN ASSISTANCE, EXPORTERS, IMPORTERS, FOREIGN POLICY POSITION, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE040333
Document Source: ADS
Document Unique ID: 00
Drafter: T/IEP:JTARRANT
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D740071-0306
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740269/abbrzcmx.tel
Line Count: 666
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 39930
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Jul-2001 by maustmc>; APPROVED <03 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOLLOW-UP TO FIRST MEETING OF ENERGY COORDINATING LIMITED OFFICIAL USE LIMITED OFFICIAL USE
TAGS: ENRG, US
To: BRUSSELS
BONN
LONDON
ROME
LUXEMBOURG

DUBLIN
COPENHAGEN
TOKYO
OSLO
OTTAWA
THE HAGUE
OECD PARIS
EC BRUSSELS
NATO
PARIS

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005